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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9835	↑ 124	1.28%	11.0	4.54%
FTSE 100	6421	↑ 39	0.62%	12.4	3.22%
DAX 30	6961	↑ 66	0.95%	15.0	5.52%
DOW	12742	↑ 87	0.69%	19.5	2.23%
NASDAQ	2488	↑ 29	1.16%	15.6	3.03%
S&P	1455	↑ 11	0.76%	21.0	2.61%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3135	0.6684	157.5200
Dollar	1.3135	1.0000	1.9645	119.9200
Sterling	0.6684	1.9645	1.0000	236.0900
Interest Rates (%)	3.5000	5.2500	5.2500	0.4800
Oil (Nymex)	58.0000			

This Week's Research

Vodafone
 British Land
 Morrison

Today's Research

Blackrock

Today's Recommendation

Blackrock (58c) Maiden results announced Stuart Draper
Target : 52c (15/02/07; previously 48c, issued 13/07/06)

- Results announced : This morning, Blackrock International Land announced its first financial statements, covering the period from 11/05/06 to 31/12/06. Net asset value (NAV) per share of 37.88c as at 31/12/06 was in line with the company's December trading statement for NAV per share growth "in excess of 6%" on the 35.5c as at 11/05/06, and represented 6.8% growth. Net rental income for the period was €3.8m and net debt as at 31/12/06 was €120m. Additional facilities have also been negotiated to fund further Blackrock expansion.
- 2006 investments : During the period, Blackrock acquired property assets worth c.€172m, with a further €28m acquired since period end, bringing its total gross property assets to €397m. This morning, the company stated that it was targeting further investment spend of €200m over the next "one to two years", implying a significant slowdown in its rate of expansion over the investment spend in the last 8 months.
- NAV growth : Our original BUY recommendation of 13/07/06 was based on a 2 year investment horizon as a result of the lengthy time periods required by the planning process. Our view was that Blackrock's NAV per share had the potential to grow by 20% per annum to 53c, generating a price target of 48c, based on a 10% discount to NAV.
- Sector premium : Even rolling the group's NAV per share of 37.88c forward by 2 years at 20% per annum and applying the current UK property sector average 5% discount to NAV, only generates a fair value per share of 52c. Given that annualised NAV growth of c.10.2% was reported this morning, there is no available evidence to upgrade this NAV growth assumption.
- Recommendation downgrade : Therefore, with the groups' share price now at a significant premium to this level, we downgrade our recommendation from BUY to NEUTRAL, recommending a SWITCH into British Land (£16.30) as providing more value at current levels in the European property sector. Our current 12 month price target for British Land of £17.50 is based on a 5% discount to 2007 NAV. Blackrock's share price has risen by 53% since our BUY note of 13/07/06 : NEUTRAL.

Breaking News

Wolseley surge propels CRH shares to new high

Shares in CRH struck a record high on Wednesday as takeover speculation surrounding a Wolseley gave the sector a boost and helped CRH shares out of the doldrums. Shares in the Wolseley, the world's largest distributor of plumbing and heating products rose, as much as 8.6% on Wednesday after a newspaper reported that British private equity firm Cinven was considering a bid. Already this year strong gains have been recorded by Vulcan Materials (+24%) and Martin Marietta (+20%). This has left CRH trading at a 30% discount to its American peers despite its positive trading update in January showing PBT growth of 23%.

Greencore releases AGM statement

Greencore released its AGM statement today stating that it expects strong earnings growth this year driven by its convenience foods division. The Convenience Foods division, which accounted for 92% of the Group's continuing operating profits in 2006, is expected to grow despite the occurrence of an electrical fire at its sandwich facility in December 2006 that will negatively impact on the costs in this financial year. In recent months Greencore has submitted proposals for developing its lands at Carlow and Mallow. While recognising that the H2 is a much more significant contributor to annual Group performance, the Board anticipates that, barring unforeseen circumstances, earnings per share for financial year 2007 will at least match the current market consensus level of 25.6 cent.

Diageo ups full year guidance

Diageo Plc, the world's biggest alcoholic drinks group, posted a rise in H1 earnings and raised its full year growth guidance despite some tough markets and a weakening dollar that dragged on profits. The maker of Smirnoff, Johnnie Walker, Gordon's Gin and Guinness said it had seen underlying earnings for H1 rise to 34.4p a share. Net sales rose to £4bn from £3.96bn while operating profit was lifted to £1.3bn from £1.26bn. The drinks maker upped its guidance for organic operating profit growth for the full year to 8% from its previous forecast of at least 7%.

Business Press

- Smurfit Kappa plans €1.3bn market flotation (IT)
- Aer Lingus may use Belfast as new base (IT)
- Anglo trumps rivals in deposits war (II)

Investment Press

- Commerzbank's recovery: Klaus-Peter Muller showed no restraint using several "R" words as he proclaimed: "Commerzbank is back...we are once again a respected and highly regarded place of business".



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